



# **THE ARMY'S TRANSIENT HOUSING (LODGING) PRIVATIZATION INITIATIVE (PAL)**

## **PROGRAM OVERVIEW / UPDATE**

**PAL Program Office**

**Office of the Assistant Secretary of the Army  
for Installations and Environment  
Headquarters, Department of the Army**

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## PAL PROGRAM GOAL AND OBJECTIVES

- **Goal:**

Improve the quality of transient lodging facilities throughout the continental United States, Alaska and Hawaii, supporting Soldiers and their families by privatizing the lodging function

- **Objectives:**

- Eliminate substandard Army lodging by 2014
- Improve quality of life for Soldiers and their families
- Use of private sector ***capital and best practices***
- Overcome \$1B+ revitalization backlog
- **Provide for long-term sustainment**
- Capitalize on success of a proven initiative
- Transfer non-core function

# **WHY STRUCTURAL CHANGE IS NEEDED**

- **Current State of Army Lodging:**
  - Substandard facilities approaching a critical need for repair
  - Inefficient operations
  - No comprehensive long-term sustainment plan
  - No appropriated funds available
- **Why Private Sector is Best Solution:**
  - Removes Army from a non-core competency function
  - Can complete replacement & renovation quickly and efficiently
  - Can deliver and sustain the facilities over the term of the lease
  - Private sector best practices will deliver an affordable, customer-oriented lodging operation to the Service

**PRIVATIZATION OF ARMY LODGING**  
**Assistant Secretary of the Army (Installations and Environment)**

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**Aberdeen Proving Ground**



**Fort Polk**

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**Redstone Arsenal**



**Fort Hood**





**Fort Benning**



**Fort Meade**

## **KEY PROGRAM CHARACTERISTICS**

- Natural expansion of a proven initiative (RCI)
- Program is completely self-sustaining
  - No APF subsidy of operations
  - Includes long-term recapitalization
- Project reimburses government for all municipal services provided (i.e., utilities, waste management, fire and police)
- No government guarantees (financial or occupancy)
- Owner earnings limited to fees earned at negotiated rates
- Private sector institutes best practices and commercial standards (meeting or exceeding Army Lodging standards)

## **PRIVATIZATION PARAMETERS**

- Private developer assumes the business risk
  - NO occupancy guarantees
  - NO guarantees against base closure, downsizing, or deployment
- NOT classified as government quarters
  - Travelers choose where they stay
- NO government cash contribution
  - Land lease and conveyed assets only
- NO government involvement in day-to-day operations
- Developer reimburses government for municipal services



## KEYS TO PROGRAM SUCCESS

- Competitively select developer/operator
- ***Allow private sector to institute best practices through transfer of non-core function***
- Avoid unnecessary levels of government involvement
- Maintain comprehensive Portfolio and Asset Management (PAM) program (RCI model) to monitor project performance
- Protect the Army's interests through the PAM process and the lease